

The AMERICAN OBSERVER

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Madison



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Administration Tax Bill Voted by House

Will Raise \$275,000,000 by New Income, Inheritance, and Corporation Levies

STRONGLY FOUGHT IN CONGRESS

Neither Conservatives nor Liberals Are Fully Satisfied with Measure

The Roosevelt tax program, which has caused continuous political turmoil since the President's message of June 19, is now entering the final stages of congressional action. After a few days of debate the House of Representatives last week placed its stamp of approval on the measure. All attempts to alter the bill presented by the Ways and Means Committee proved futile as amendment after amendment was voted down. At the other end of the Capitol, the Senate Finance Committee was putting on the final touches and was expected to bring a bill up for discussion on the floor toward the end of the week. While debate in the upper chamber was expected to be more protracted than in the House of Representatives, final action is certain not to be long delayed.

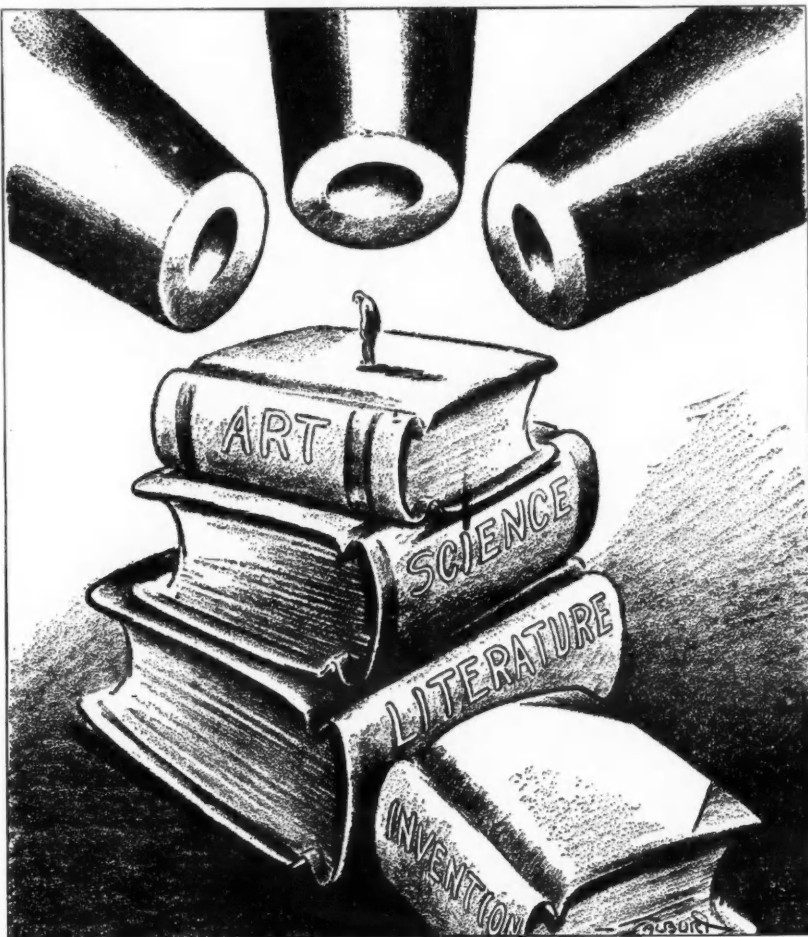
Object of Program

The object of the new tax bill is not completely to revise or overhaul our revenue system. As expressed by the Senate Finance Committee, it is "to get a substantial revenue—as much as possible without going into a complete revision of our revenue system." Because of the publicity which the program has received since its consideration in Congress it has been referred to as "share the wealth" or "tax the rich" plan. As a matter of fact, the new taxes will be levied on the rich and the comparatively well-to-do. Those of low or moderate incomes will not be affected at all by them, as the present rates will remain in effect in most cases. Those of high annual incomes will have to bear the brunt of the new taxes, as all rates on incomes of \$50,000 or more have been stepped up considerably in the bill which has been accepted by the House and which the Senate is likely to adopt.

The new tax bill, like all revenue measures, is a lengthy document, full of intricate details about rates, methods of payment, administration, penalties, and the like. To the average person, most of these provisions are meaningless and unimportant. The things about the bill which need to be remembered deal with the changes in the present tax laws. The bill deals with four types of taxes which in the main follow the recommendations of the President. They are: (1) changes in the personal income tax rate; (2) a system of graduated income taxes on corporations; (3) a system of taxes on "excess" profits of corporations; and (4) a scheme of inheritance and gift taxes. We shall consider each of these in turn.

All those whose personal incomes amount to \$50,000 or more a year will be affected by new tax rates. Under the present law, a man who makes between \$50,000 and \$56,000 a year is obliged to turn over 30 per cent of what he has in excess of \$50,000 to the federal government. Under the new law, he will be forced to pay 31 per cent.

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MAN, THE CONQUEROR

—Talbot in New York WORLD-TELEGRAM

Man the Paradox

Man the conqueror, and yet man the helpless puppet, jerked and tossed about by a power beyond his reach or understanding; man the paradox! He is capable of achievement fit to command the admiration of the gods, yet he fails in many of the most elementary responsibilities of life and he is ordinarily unable to reap the full benefits of his achievements. By virtue of an amazing inventive and architectural genius he builds huge structures of stone and steel which stand as wonders of the modern world, yet in the most advanced of nations he houses himself in unsanitary, unattractive, uncomfortable quarters, shivering in the cold of winter and sweltering in the summer heat. Man has learned to extract minerals from the earth and to harvest from the soil an abundance of the materials from which his food and clothing are derived. He has built up industrial machinery which permits of quick and widespread distribution of the products of mine and field and factory, yet in the most prosperous of times half the world goes to bed hungry every night, and in our own land of vaunted prosperity millions are ill fed and poorly clothed and economic insecurity raises an impassable barrier against the happiness of mankind.

One of the most immediately alarming aspects of this human paradox is suggested by the cartoon which we reproduce on this page. Man creates art and culture and all the requirements of the civilized life. He conquers forces of the material world and of his own spirit, and standing on the shoulders of all his predecessors, he seems ready to enjoy the benefits which should flow from a hard-won enlightenment. But he is a slave to the forces which make for war, and that renders him poor and weak and helpless indeed. For war is a destroyer of all that man has built. Another great war might bring the collapse of the foundations upon which our modern economy stands. It would undoubtedly throw the world back into depression from the depths of which the present unhappy years would seem to stand upon a pinnacle of prosperity. The fear of war is today rendering difficult that interchange of goods and ideas which is so necessary if the progress of recent decades is to be resumed. And war itself, if on a broad scale, would produce economic chaos and moral degradation. It is of first importance, therefore, that we try hard to learn how we may live at peace. Great significance attaches to the effort now being made by a committee of Congress, aided by the State Department, to redefine America's position on the rights of neutrals so that our country may more certainly keep out of wars with which we have no vital concern. These efforts should command the understanding support of all patriotic Americans.

League Backs Down In Ethiopian Dispute

Geneva Body Yields to Italian Demands and Fails to Discuss Issue of Frontiers

ITALY REJECTS PEACE PLEDGE

Weakness of League Traced to Lack of International Cooperation

Benito Mussolini has succeeded in his attempt to keep the League of Nations from intervening in the Italo-Ethiopian dispute. With victory for the Italian claims on every front, and with no guarantees against an immediate war in Africa, the League has concluded its extraordinary council session. That is the disturbing news which has just come out of Geneva, where Mussolini has stubbornly refused to give the League of Nations an opportunity to investigate the question of the Italo-Ethiopian frontier. He has succeeded in steering the League away from the heart of the dispute, and the special conciliation board which will hold meetings until September 5 is strictly forbidden to discuss the status of the frontier, and ordered to limit itself to fixing the responsibility for frontier brushes between Italian and Ethiopian troops. Thus the League will no longer deal with the actual war issue. Moreover, Mussolini would not even concede a guarantee to keep the peace until September 5, despite Great Britain's efforts in the League meeting, and his hands are free to begin a war at any moment.

In every way, the council session has meant a backdown for the League, and failure in its task of keeping peace between its members. Whatever chance of keeping the peace still remains, and it is not very hopeful, lies outside the League of Nations. Great Britain and France will make one last attempt—they have announced that they will revive the 1906 treaty in which the British, French, and Italians divided Ethiopia into three economic spheres of influence. This attempt itself is a further blow to the League, since Ethiopia insists that the 1906 treaty was terminated by her entry into the League of Nations, and cannot be made the basis of any acceptable peace settlement. The representatives of Great Britain and France, having failed to bring Italy to terms at Geneva, are abandoning the League and trying to use diplomatic machinery that was drawn up long before the League was established.

A Third Test

All over Europe, statesmen and international observers declare that the League has met its third major test, and that once more it has withdrawn before a powerful violator of Europe's international peace arrangements. The first came in the League's infant days. In 1923, after the murder of a band of Italian citizens in war-torn Greece, Mussolini bombed and captured the Greek island of Corfu in the Mediterranean. Both Greece and Italy appealed to the League, but Mussolini did not withdraw his troops from Corfu until the League had turned over to him Greece's good will pledge of 50,000,000 lire. To League critics, it seemed very much like

(Concluded on page 6, column 1)



PROMINENT critics of the Roosevelt administration have recently charged that the relief allowances are too high, and that in many cases men and women have been unwilling to leave the relief rolls and accept private employment. If these charges are shown to be justified, on any widespread scale, they would constitute a serious challenge to the relief administration, which was designed to keep the nation's unemployed housed and fed only until private industries were able to take them back to work.

Government agencies are making an attempt to sift the charges and to get a broad picture of the relief problem. At the same time, private investigators are at work. The *New York Nation*, a liberal weekly, finds a few sample cases; taken from a report submitted by the Department of Agriculture. In the South, a relief agency reported that several workers had refused an offer to pick strawberries at \$1.50 to \$2.00 a day "clear money," with transportation included. On investigation, the report says, "The fancy promises . . . boiled down to exactly this on the first week's pay-off: 20 cents to \$1 for a work week. The best exhibit of earning power was presented by a white family, father and mother and two children who had been shipped in by the relief authorities. The family of four netted \$3.30 collectively for six days in the fields." Another report came from an Ohio harvester, who had been working for 15 cents an hour. He pointed out that the minimum wage in the WRA is \$44 a month, working 130 hours, while his own job paid \$36 for a month of 240 hours.

Undoubtedly there have been cases in which workers preferred to live on relief, or work for government agencies, rather than accept legitimate offers of employment. But the Department of Agriculture has stressed the other side of the picture, the willingness of many employers to exploit the poverty of workers on relief by offering below-living wages and inhuman conditions of employment.

Whispering Campaign

Edward P. Cramer, a timid advertising man from Plainfield, New Jersey, found himself under congressional investigation last week as the author of a letter suggesting that the utilities companies attack President Roosevelt by a "whispering campaign," designed to "create popular suspicion that the New Dealers and especially the New-Dealer-in-Chief are either incompetent or insane." Mr. Cramer's astonishing letter was written to C. E. Groesbeck, chairman of the board of the Electric Bond and Share Company, in which the advertising man is a stockholder, and came to light as part of the House's investigation of the lobbies on the Public Utility Holding Company bill.

Utility officials lost no time in washing their hands of Mr. Cramer, declaring that they knew nothing of his letter and expressing their disgust at the idea of a whispering campaign. Mr. Cramer's employers, the Edison Company, announced that he had brought them such unfavorable publicity that they would be forced to discharge

him. On the stand, Mr. Cramer apologized for the letter. He explained that it was written in a moment of irritation, while the President was campaigning for the "death sentence" on utility holding companies, and that he had no grounds for believing that Mr. Roosevelt was not mentally competent.

Representative Rayburn took Mr. Cramer's testimony into the House, to use it in the debate on the "death sentence." He called the Cramer story a "campaign unequalled by anything in the last half century." But the House was inclined to think that Mr. Cramer was not fair evidence against the holding companies, and once more voted against the "death sentence," 210 to 155.

The Flying Flivver

The "flying flivver," an airplane safe and cheap enough to bring flying within the reach of the great body of citizens, may soon be a reality. The Bureau of Air Commerce has been trying to sponsor the development of an airplane that would be "foolproof," capable of a speed of 100 miles an hour, and manufactured to sell at \$700. A machine manufactured by a Detroit aircraft company, according to Eugene Vidal, director of the bureau, meets all specifications, except that it does not quite reach the desired speed.

Safety is the important requisite for citizen flying. Only a machine as free as possible from the common dangers of aviation, the bureau feels, should be recommended for widespread use. The new machine does away with stalling, which is the cause of 70 per cent of the accidents befalling amateurs. When it was being demonstrated, the operator stopped the motor 50 feet from the ground, during a take-off, and allowed the plane to land itself, reproducing one of the most serious dangers of flying. Another test which the plane met successfully was that of being driven into the ground without any preparations for landing, a common trick with panicky operators. The present machine comes so close to the standard set by the bureau that the "flying flivver" may be ready to emerge from the planning stage and take its place along with the automobile as an everyday method of transportation.

Townsend Ranks Split

Dr. Townsend, the elderly dentist who has been a national figure ever since he launched his plan to solve the nation's economic ills by paying a pension of \$200 a month to every man and woman over 60 years of age, is meeting dissension in his own ranks. Frank Peterson, former national publicity director for the "Townsend Plan," is now leading an insurgent movement against the doctor's leadership, and making rapid headway in the western states from which the bulk of Dr. Townsend's following was recruited. Two of the chief Townsend strongholds, California and Colorado, have been invaded by Mr. Peterson, who wants to free the movement entirely from its founder's influence.

Peterson charges "bad faith" and "auto-

cratic leadership" on Dr. Townsend's part, and points to the dentist's personal ownership of the *Townsend Weekly*, organ of the movement, which is reputed to bring in a revenue of more than \$1,000 a week. Whatever the truth of his charges may be, it seems clear that the Townsend Plan has attracted a mass of small contributions—the lowest estimate of membership in the associated Townsend Clubs is 2,000,000, and most members are dues-paying.

While the club authorities fight it out, the Townsend plan does not seem to have much chance of becoming law in this session of Congress. The original Townsend bill has been withdrawn in favor of the McGroarty bill, which provides for a pension "not to exceed" \$200 per month. The doctor's followers believe that the plan can be financed by a two percent tax on all business transactions.

Buses Under ICC

The Senate and the House of Representatives have agreed on a bill providing for bus and truck companies the same regulation that has been given for years to the railroad companies. Now the railways' young competitors, which have been flourishing without any supervision of their wages and hours or any check on their freight and passenger rates, will be placed under the jurisdiction of the Interstate Commerce Commission. Bus and truck companies will have to obtain public franchises for operation, pay specified minimum wages, use approved safety appliances, and submit their financing and security issues to the government.

When Will Congress Adjourn?

Congressional leaders, faced by a heavy schedule of legislation, have not said very much about a date for adjournment. When newspaper men pressed Senator Joseph T.



© Miller
JOSEPH T. ROBINSON

Robinson for a definite date, the administration leader in Congress surprised them by setting August 20 as a possible time for the weary senators and representatives to finish their business and go home. Since that business includes the tax bill (discussed in this issue of THE AMERICAN OBSERVER), the social security and utility holding company measures, the AAA and TVA amendments, and the Guffey coal stabilization bill, all of which are on the calendar either for a vote or for inter-chamber conferences, as well as a number of important last-minute laws, Senator Robinson's date has been sceptically received by most congressional observers.

Wages and Dividends

Leon Henderson, head of the Research and Planning Division of the NRA, who came out a year ago with a comparison of dividend and wage trends based on figures that were not entirely accurate, has recently published a new comparison based on more authentic figures. He says that from 1925 to 1929 the income of labor rose 20 per cent, while dividends and interest rose 65 per cent. Beginning in 1930 the income of labor fell off rapidly until in 1933 it was 65 per cent of the level set from 1923 to 1925, while dividends and interest fell off at a more leisurely rate to 93 per cent of what it had been 10 years earlier. Investors in corporations, the report states, "not only profited most from the boom in the twenties, but suffered least from the depression in the thirties."

Lindbergh for Presidency

Colonel Charles A. Lindbergh, who astonished the world in 1927 by his solo flight across the Atlantic and has since been a national hero, appears on the growing list of prospective Republican candidates for the presidency in next year's election. His name was proposed several times in a poll of 5,000 local Republican leaders just held by Robert H. Lucas, former executive director of the Republican National Committee.

Others who were prominent in the results of the poll were Herbert Hoover, Senator Arthur Vandenberg of Michigan, and John G. Winant, the youthful governor of New Hampshire. Mr. Lucas had asked the leaders for their choice of the "best available Republican presidential timber."

THOUGHTS AND SMILES

Oh, well, if the government keeps on, it is comforting to know that not a soul in the country will have to bear Andrew Carnegie's reproach, that the man who dies rich dies disgraced. —*Boston EVENING TRANSCRIPT*

A collector of rarities finds a Yokohama girl who is double-jointed in elbows, thumbs, and knees. Probably the result of unfolding a steamer chair. —*Richmond TIMES-DISPATCH*

It is not without good reason said, that he who has not a good memory should never take upon him the trade of lying. —*Montaigne*

General Johnson, taking charge of work-relief in New York, said that "no miracles can be promised." What kind of un-American talk is that? —*Jackson (Miss.) NEWS*

The Nazis have banned dime novel thrillers. We suppose they really are a bit superfluous over there. —*Boston EVENING TRANSCRIPT*

I never thrust my nose into other men's porridge. It is no bread and butter of mine; every man for himself, and God for us all. —*Cervantes*

Money may not buy happiness, but with it you can be unhappy in comfort. —*RADIO BREAKFAST NEWS*

If you think politics easy, try standing on a fence while keeping one's ear to the ground. —*Indianapolis NEWS*

The main difficulty about cutting off the expenses of government is that practically all the expenses can vote. —*Columbia RECORD*

It's a great kindness to trust people with a secret. They feel so important while telling it. —*Robert Quillen*

Some cause happiness wherever they go; others whenever they go. —*ANONYMOUS*



ARE YOU GETTING INTO YOUR PLANE RIGHT QUICK? —*From LIFE*

The joke that always seems sparkling to George Ade concerns the man who, when asked if his wife was entertaining this winter, replied, "Not very." —*READER'S DIGEST*

Good thoughts are no better than good dreams unless they be executed. —*Ralph Waldo Emerson*

No foreigner possibly could understand the language of a country that says Minnesota had the best eleven in the Big Ten. —*Tyler COURIER-TIMES-TELEGRAPH*

If fame beats a path to your door, a vaudeville booking agent follows. —*Birmingham NEWS*

The brightest wisecrack of the evening is the one you think of the next day. —*Grand Rapids PRESS*

One real trouble with holding companies is that so many of them did not hold anything. —*Chicago DAILY NEWS*

The Bible tells us to love our neighbors, and also to love our enemies; probably because they are generally the same people. —*G. K. Chesterton*



MIDTOWN HUDSON TUNNEL CONNECTING NEW YORK WITH WEEHAWKEN, N. J. After 18 months of work the shield from the New Jersey side hit the shield from the New York side. © Acme

AROUND THE WORLD

Australia: The fight against the depression has been won, according to her prime minister, Joseph A. Lyons. Writing in the *New York Times* this week, he describes the measures which, within a comparatively short time, have substantially reduced unemployment and changed a "prospective deficit of \$1,000,000,000" into a "small surplus."

Australia's national income is dependent, in the main, on the sale abroad of wool, wheat, sugar, meat, and minerals. The sudden drop in prices for products of the soil—one of the first repercussions of the depression—hit the country almost without warning. Her credit weakened, and she could no longer obtain the necessary loans. A crisis appeared imminent.

There were two courses open. The budget could be balanced by strict economy, and prices and wages could be lowered; or she could try to stimulate private industry through the expenditure of money on public works and development of national resources. The former course was taken, and a 20 per cent slash was made on all governmental salaries and pensions. Holders of government bonds were asked to keep them at a lower rate of interest, and 97 per cent responded to this cry for coöperation. Private industry cut salaries and wages, and this reduction was swallowed up by the government in increased taxes.

Though the people were paying heavily, the prescription worked. Australian credit was restored, trade kept its balance, and a budget surplus has been reported every year since 1932. Critics of the New Deal have pointed with pride to Australia and said: "This is what the United States should have done." Those on the other side of the political fence have retorted that there were many more unemployed in this country who needed immediate and direct relief, and that private industry proved itself unable to reemploy them until PWA and CWA projects were started, to stimulate increased production.

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Japan: Manchuria, which the Japanese were so eager to annex four years ago in the face of world-wide disapproval, has not turned out to be an unmixed blessing. Already it has cost Japan almost 2,000,000,000 yen (about \$600,000,000), and the Japanese are not reaping the benefits of this vast expenditure as quickly as they hoped. During the past two weeks, Japan split into opposing parties on the Manchurian question.

Since 1931, Japanese economic penetration of Manchuria has been rapid and extensive, as the figures of Japanese expenditure show. But the more moderate imperialists are now wondering whether it has not been too rapid, and whether the greed of economic "pioneers" has not blinded Japan to her own economic interests. Manchuria's raw materials and cheap labor have encouraged the development of a number of industries, chiefly machine and textile, whose products compete with Japan's own manufactures in the world market. And at the same time Manchurian rice and farm products are growing along with those of Japan, and threatening to drive down the price of Japanese agricultural commodities in the markets of Eastern Asia.

Accordingly the crisis between Japanese farmers and industrialists and the Japanese exploiters of Manchoukuo has come to a head. The military authorities have taken command on two fronts—in a Manchurian Affairs Bureau, set up under the Tokyo cabinet, and in the Japan-Manchoukuo Joint Economic Commission, which will have as its purpose the coördination of the economic life of the two countries. From now on Japanese civilians will have to curb their desire for a quick profit in Manchoukuo, and draw up their plans in harmony with the decisions of the army-controlled Bureau and Economic Commission.

What the army proposes to do through these two bodies is still an open question. Army officials are skeptical of the claims of both classes of extremists—those who want to develop Manchoukuo without hindrance of any kind, and those who oppose any competition between Manchurian and Japanese goods. In general, the army favors the encouragement in Manchoukuo of products such as cotton, which the Japanese need for their own industrial machine, the necessary mineral industries, and the manufacture of goods for local consumption, such as Manchurian style clothing and newspapers. But many Japanese who feel that the army's middle course presents the only safe way out still doubt that Manchoukuo, thus limited, will be able to provide a satisfactory return for Japan's investment. Manchoukuo, both politically and economically, seems to be proving itself a very costly adventure.

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Danzig: The economic war between Poland and Germany over the free city of Danzig (see *THE AMERICAN OBSERVER*, July 8, 1935) has ended with a substantial victory for Germany. Each of Danzig's great neighbors has been trying to bind the port to itself by establishing a customs union, which would stimulate its own trade with Danzig and prevent the growth of the other's influence.

Poland had the upper hand until the German National Socialist party won in the Danzig municipal elections last year. The Nazis immediately began a drive to have the Danzig currency valued in terms of the German mark rather than the Polish, by forcing it off the gold standard. This had a serious effect on exchange between Danzig and Poland, and therefore on Polish economic penetration of the port.

Now the government has



© Ewing Galloway

SOY BEANS READY FOR SHIPMENT IN THE YARDS OUTSIDE DAIREN, MANCHURIA

delivered a second blow. It has repealed the protective tariff against German coal, pigs, butter, eggs, and medicines, and allowed these products to enter Danzig free of duty. Unless the Poles want to be flooded with German goods, they will be forced to set up a tariff of their own against Danzig. This would destroy Danzig's most important link with Poland. The Polish government therefore protested that Danzig's action was a violation of Article CIV of the Treaty of Versailles, providing for "the inclusion of the free city of Danzig within the Polish customs frontier." But the law will be on the Nazis' side, since the Polish tariff, and not the Danzig repeal of the German tariff, will remove Danzig formally from the Polish customs union. From the Nazi point of view, the new customs status of Danzig is a brilliant strategical maneuver in breaking down Germany's economic isolation and adding another economic, and perhaps political, ally in the attempt to restore Germany's international position.

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France: Premier Pierre Laval is working against time. He has three months before parliament meets again, and in that period he must show the benefits of his severe deflationary measures announced two weeks ago, if he expects to appease the growing opposition on all sides.

To balance the budget, Laval announced a cut of 10 per cent in all government salaries over 10,000 francs (\$665). War veterans' pensions were slashed the same amount. In addition, all whose incomes exceed 80,000 francs (\$5,280) were asked to pay a supertax of 50 per cent. Payment on governmental bond coupons dropped 10 per cent. As a compensatory move, he has attempted to reduce prices in foodstuffs and rents. Light and gas charges have already declined perceptibly.

But the unions have grown more and more vocal in their criticism. The General Federation of Labor has come out with a radical program calling for nationalization of credit and all key industries, the introduction of a public-works program and government control of banks. It has also hinted at the possibility of a general strike to combat any possible fascist coup. This coup would come from the Croix de Feu, composed principally of war veterans and headed by Colonel de la Rocque.

The hands of the opponents are, however, temporarily tied. Beyond the usual demonstrations and fiery denunciations in the press, there is little that can stop Laval

from doing as he wishes. Whether he can, by October 1, bring down French prices, cheapen money and get funds out of hoarding into business, remains to be seen.

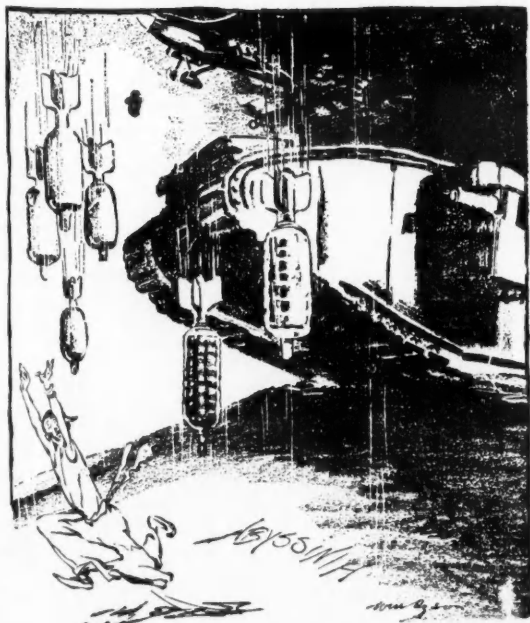
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Germany: As a protest against the current Nazi drive on racial and religious minorities, the *Christian Century*, one of the leading Protestant journals in the United States, has just demanded a change in the plan to hold the 1936 Olympic games in Berlin. An editorial in the *Century* says: "To let the Catholic, Protestant, and Jewish youth of Germany know that the outside world is not indifferent to the persecution being inflicted upon them, and to let the Nazi leaders know of the horror with which their brutality is regarded, let the athletic authorities of America move to take the Olympics from Berlin! A move of this sort made in this country will be followed in other countries. It will have immediate moral effect inside Germany. It should, therefore, be made without delay. Germany must be told."

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Canada: Confusion is perhaps the best word to describe the present political scene in Canada. In less than a month, the 1935 election ballots will be counted, and during the past few months parties and leaders have sprung up like mushrooms, each with a different banner and with conflicting ideas.

Formerly voters had only to decide between the two traditional parties, Conservative and Liberal. Now they are faced with the perplexing task of picking the best from a mass of groups. First of all, the Conservatives added the word Liberal to their name, becoming Liberal-Conservatives. The prime minister, Richard Bennett, came forth with a cry for a "New Deal," much of which bears resemblance to the Rooseveltian program in the United States. The leader of the Liberals, W. L. MacKenzie King, has adopted a stand more conservative than liberal, and according to reports, has attracted the bulk of voters who dislike change. Latest to enter is the Reconstruction party, fathered by Harry Stevens, former minister of commerce. This group calls for greater regulation of business, national housing, a national bank, reciprocal trade agreements, public ownership of all new mines, and finally, a central taxing authority. This body would set and collect taxes and then divide the returns among the various governmental branches.



LOOK OUT, BOYS, CIVILIZATION IS ARRIVING
—Will Dyson in *LONDON DAILY HERALD*

Public Opinion in the Making

Free Speech and Communism

Many of the liberal papers have been calling alarmed attention to the Tydings-McCormack bill, designed to curb Communist activity, saying that it threatens to suppress free speech. Others, more conservative, have pointed out that it was intended to keep Reds from spreading handbills to soldiers and sailors. But recently Representative Maverick called public attention to what the conservative Baltimore *Sun* calls "an amazing memorandum of the Naval Intelligence Section," which shows the bill was actually intended to put down liberal thought. The *Sun* says:

It needs only to be added that the organizations named [as giving "aid and comfort to the Communist movement and party"] are the Federal Council of Churches, the American Civil Liberties Union, the National Council for Prevention of War and the Women's International League for Peace and Freedom. . . . Anyone, it follows, who defends civil liberties, who actively opposes war, or who conceives that human society has not yet reached the end of its progress, is an ally of Moscow, is "Communist minded" and, in the words of the memorandum, "busily engaged in spreading the philosophy of discontent destructively."

If anything were needed to clinch the case of those who have pointed out that the "disaffection bill" and similar measures are aimed not simply at a few Communists, distributing Communist party leaflets, but at any and all critics whom military officials may wish to silence, then the Naval Intelligence Section has provided that clincher with its memorandum. It has stated, in its own chosen words, that it regards the Federal Council of Churches as giving aid and comfort to the Communists, and that to its intelligence Sherwood Eddy is a fringe revolutionist.

It follows that if such organizations and such men and women as the section named are thus publicly classified by it, legislation of the type of the Tydings-McCormack bill will inevitably be used, and is intended to be used, as circumstances warrant, against all liberal or dissident opinion by the simple device of labeling it as "Communist minded." No longer is it possible for any advocate of the bill to say that such perversions are impossible. With really breath-taking candor the Naval Intelligence Section has proclaimed that they are quite within the region of practical probability.

Propaganda Instead of Seeds

What a typical newspaperman thinks of the publicity handed out by the government press bureau in Washington is the subject of an editorial in the Winfield (Kansas) *Daily Courier*. It recalls the days when all a newspaperman got from the government was an occasional package of garden seeds. But now, it continues, all this is changed:

What does he get now? He gets propaganda by the armload. The agricultural department in Washington has a large force of trained writers engaged in tapping out articles about everything from the love life of the boll weevil to what to do when the Poland China sow has more pigs than the law allows. The stuff is made into press releases or printed into pamphlets. All newspaper offices get tons of it in a year. Some of it is interesting, some has news value; but being buried in it, few editors can dig out long enough to find the kernels of wheat among the mountains of chaff. It must cost an immense sum, far more than Congress is going to get by soaking the rich, to get the propaganda ready and print it, not to mention the cost of mailing it. . . . Life certainly has changed since the old days when we proudly took home the package of seeds, a valued recognition of our existence by our congressman.

What Is News?

Among the liberal weeklies, *The Nation* is among the most alert in the interest of free speech. It comments on the press of Terre Haute, Indiana, as follows:

When the general strike broke out in Terre Haute, Indiana, on the morning of July 22, it came as a complete surprise to



GETTING HARDER TO SNEAK BY
—Fitzpatrick in St. Louis Post-Dispatch

newspaper readers all over the country, although it involved 20,000 people and was the logical climax of a battle that had been in progress for many months over issues vitally affecting all workers. What is more, we are informed on excellent authority that the general strike came as a shock to many of the townspeople of Terre Haute itself, thanks to the silence of the local press concerning developments which finally led to a strike of about one-third of the city's population. The explanation is simple and all too usual. Terre Haute is dominated by a chamber of commerce made up of employers, including, no doubt, the owners of its newspapers. Terre Haute wants new enterprises which in turn want cheap labor and the open shop. Naturally the newspapers play down labor "disturbances." Only a complete stoppage in the town's activities and the declaration of martial law forced the story onto the wires and into the nation's newspapers. . . .

It was an amazing demonstration of labor solidarity, but as usual it furnished an excuse for calling out the national guard, tear gas flowed freely, and the strikers are now thrown back on the mercy of government conciliators. And it is more than possible that Terre Haute will once more recede into editorial silence, while three-legged chickens and gurgling quintuplets occupy the best newspaper boxes. What is news anyway?

Congressional Deadlock

Since the House of Representatives emphatically refused to accept Senator Clark's amendment to the social security bill, the committee dealing with the subject has been unable to find a compromise. The majority of the House is sure that if private pension plans are allowed to run parallel to the government plan, as in the Clark amendment, both labor and the federal treasury would suffer at the hands of private enterprise. The New York *World-Telegram* suggests a way out:

Here is a suggestion for breaking the deadlock: Let the conferees write the bill minus the Clark amendment, leaving to the next Congress the issue of the private system's place in the old-age security picture. Payroll taxes for old-age annuities are not collectible until 1937, so the private systems have another year unaffected by the new act. Meanwhile let Congress name a joint committee to study the problem this autumn, and suggest an amendment to the new act next session. Here is a solution that will be fair to both private and federal plans.

The Clark amendment would wreck the whole annuity plan under the bill. Compromises so far suggested would leave a dual and competing system, require costly inspection services and open the whole act to court attack. The question is too serious to be made the subject of barter, particularly in the present atmosphere of Capitol Hill.

The security bill affects the welfare of 27,000,000 workers, while private pension plans cover no more than 1,000,000. It is unfair to let this minor problem delay or jeopardize the omnibus bill.

An alternative is to write a hasty compromise that might be as bad as the Clark amendment and eventually wreck the whole security program. Surely the amendment's backers don't want this. Or do they?

Whispering Campaign

Since a propagandist for the private utility interests has admitted starting a whispering campaign against the President, the press has been unanimous in condemning this sort of undercover activity. The New York *Herald-Tribune*, strongly against the administration in policy, says:

Anyone, if there was anyone, who gave serious consideration to the suggestion that a "whispering campaign" be started against the President showed only his own ignorance of American political life. No president has been exempt from "whispering campaigns"—with the possible exception of Mr. Coolidge. Harding, Wilson, Taft, the elder Roosevelt, McKinley, Cleveland—to name but a few in recent years—were all subjects of malicious and usually spiteful gossip. But there is little proof that gossip of this sort affected more than an infinitesimal proportion of the voters, and these, for the most part, persons of no consequence.

The present President has, of course, come in for his share of gossip—most commonly in connection with his health. And yet there is overwhelming testimony that few presidents have borne up better under the grueling burden of the presidency. On a few regrettable occasions Mr. Roosevelt has allowed his irritation in the face of personal defeat to get out. But it is doubtful if any president has shown a more unflinching cheerfulness and has taken the blows of politics with greater serenity. This, in addition to his ceaseless energy and his rugged physique, makes "whispering campaigns" of the kind proposed more grotesque than ever. It goes without saying that political tactics of this sort are beneath contempt.

American Press Guffaws

One American newspaper's reaction to a protest from the Japanese government over a recent satirical caricature in an American magazine concerning the Japanese emperor (see page 7 of this issue) is well expressed in a recent New York *Herald-Tribune* editorial, and is typical of what may be expected from other United States newspapers. Pertinent remarks in the *Herald-Tribune* are as follows:

For nearly 70 years Japan's doors have been wide open to the material sciences of the Occident and throughout that period hundreds of her privileged young men have gone abroad annually to acquire the scientific, critical attitude. Returning to their homeland these students have inevitably



GETTING AN EARLY START

—Warren in Buffalo Evening News

ceased to attach any historical importance to the myth of the divine origin of their imperial family. The story of the Sun Goddess' establishment of her grandson on the imperial throne in 660 B. C. is not, therefore, the kind of authority that one intelligent modern Japanese can quote to another in support of the third article of the Japanese constitution which says "the Emperor is sacred and inviolable."

Perhaps a number of intelligent Japanese agree with the military that it is politically expedient to keep faith in this myth alive in the masses of the Japanese people. No enlightened Japanese can, however, be absurd enough to expect that the peoples of other countries will share the popular Japanese belief in the Emperor Hirohito's divine descent or expect that his government's concern for the credulity of the Japanese will prompt American publicists to deal more tenderly with their emperor's dignity than with that of other friendly nations' emperors, kings, or potentates.

Yet word comes that Japan chooses to be semiofficially incensed by a wholly innocuous caricature of the emperor. No intelligent Japanese will expect anything from such action but a ribald guffaw from the American press. This absurd bluster comes from those dimly stupid militarists who recently extorted abject apologies and amends from the Chinese authorities in Shanghai for an article in an obscure Chinese weekly, and who have just such a distorted perspective on the world as to believe that America can be as readily bullied.

Dr. Goebbels Back in News

Hitler's latest drive against "enemies" of the Nazi government has once more brought Dr. Paul Joseph Goebbels into world prominence. Here are a few interesting excerpts of the New York *Times'* observation on Dr. Goebbels' return to the headlines:

Dr. Paul Joseph Goebbels is back on the front page. Perhaps it would be exaggeration to say that it is a pleasure to meet him again, but omitting the pleasure, the reappearance of the Nazi minister of propaganda in the headlines is a fact to be noted. His emergence may help to throw light on the meaning of recent happenings in Germany.

The minister of propaganda makes a triumphant return. And the chief reason is no doubt the fact that June was the anniversary month of last year's blood purge in Germany.

With the slaughter of the Brown Shirt leaders on June 30, 1934, there set in the decline of Storm Troopers in the Nazi scheme of things. This trend became more marked with every month. The Storm Troopers were on their way out. The Reichswehr was emphatically on its way in.

Germany, in the twelvemonth since the Nazi blood purge, has been too busy rearming to spend much energy on the former Brown Shirt circuses. That was why Dr. Goebbels was soft-pedaled. Then came June, 1935, and the approach of a painful anniversary. Among disgruntled Storm Troopers bitter memories must have smoldered and rankled. It was a state of mind which the Fuehrer and his chiefs could not overlook. So the Nazi high command threw the Jews, the Catholics, and the Protestant churches to the Nazi mob. War was again declared on the "enemies" of the Nazi state. For some time to come we may expect to meet him (Dr. Goebbels) in the news columns. We cannot quite say that he has been missed, but at any rate he has been missing.

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Among the New Books

"Back to Work: The Story of PWA," by Harold L. Ickes. (New York: Macmillan. \$2.50.)

Not only does Mr. Ickes give the story of the Public Works Administration, of which he is chief, but he relates many extremely interesting incidents about the workings of the New Deal. The book is in no sense a technical treatise on the government's public-works program, but an informal account of the PWA experiment. Mr. Ickes outlines what his organization has accomplished by way of building roads, schools, ships, clearing slums, and erecting new housing projects, together with the other activities in which it has engaged. Although he acknowledges a number of mistakes that have been made, Mr. Ickes is generally extremely partisan in his defense of this basic feature of the New Deal program.

"Latter Howe," by Doreen Wallace. (New York: Macmillan. \$2.50.)

This is the story of Latter Howe farm, and of Lanty and Katherine Lewthwaite who lived there. The happiness of their marriage is threatened by Katherine's long illness, and by her fear that she is becoming a burdensome invalid. But Lanty uses infinite resources of understanding to solve the difficult human relations of the master and mistress of Latter Howe.

The life of Lanty and Katherine makes a novel notable for its quiet sympathy and charm. Miss Wallace, who may be remembered as the author of "Barnham Rectory," writes without any superficial straining for excitement, and with a closeness to her characters that could have come only from thoughtfulness and patience. "Latter Howe" moves honestly toward its fulfillment, and most readers will enjoy Miss Wallace's treatment of a subject which might have been too tame in less practiced hands. This novel can be recommended to anyone in search of pleasant and not too heavy summer reading.

"World Politics and Personal Insecurity," by Harold D. Lasswell. (New York: Whittlesey House. \$3.)

Professor Lasswell here uses the psychological method that was so successful in his earlier "Psychopathology and Politics," to analyze the power relations between social groups. He goes behind the surface meaning of words in order to probe their content in the minds of the people who use them. No social idea, Professor Lasswell believes, can be understood without considering the psychological effect on individuals of the present era of world insecurity, which threatens men and women with a complex of economic and political pressures. His book goes beyond the abstract "economic" or "political" man, and treats men and women, the subject matter of political study in terms of their whole behavior. "World Politics and Personal Insecurity" is a splendid introduction to a new and promising method in the social sciences.

"America's Destiny," by C. Reinold Noyes. (New York: Whittlesey House. \$1.50.)

Mr. Noyes has tried in this book to show the relation of American political ideas to American history, and to plead for a solution of our present economic difficulties by American methods. He believes that both communism and fascism are political systems developed under circumstances which are not present in the United States, such as the pressure of expanding populations on an inadequate soil and the consequent necessity for autocratic methods in feeding and housing people and providing for their wants. Both are steps backward, admissions that the days of progress are over, and injunctions to men and women that they had better tighten their belts and realize the insecurity of their position. The United States has not reached that stage,

Mr. Noyes says, and therefore the American people need a different approach to their economic problems. "Voluntary coöperation" is what the author considers to be the American way.

The trouble with Mr. Noyes' analysis is that it is excessively abstract. He may convince his readers that Americans can find in their own past the best way out of their difficulties, and that the United States is not fitted for European political and economic philosophies. But he has not shown, concretely, how and why our problems differ from those of Great Britain or Germany. Those who are concerned with the growth of unemployment in the United States, and the increasing frequency and violence of labor strife, may well feel that Mr. Noyes' point of view is all right so far as it goes, but that it hardly goes far enough to be a real program for "America's Destiny."

Administration Tax Bill Voted by House

(Continued from page 1, column 1)

On that part of his income between \$56,000 and \$62,000, his tax will be 35 per cent instead of the present 33 per cent. In the \$100,000 group, the tax is raised from 50 to 55 per cent; in the \$200,000, from 53 to 60 per cent, and so on until the maximum rate of 75 per cent is reached on incomes of \$5,000,000 or more a year. The purpose of these greatly increased rates is to prevent the accumulation of huge fortunes, for all those who make more than a million dollars a year will have to turn over a good slice of their income to the government in taxes.

Corporation Taxes

The second feature of the new tax bill deals with corporation incomes. Under the present law, all corporations are obliged to pay a tax of 13½ per cent on their net income. If a company engaged in the manufacture of shoes, for example, shows on its books a net income of \$10,000 after all its expenses have been paid, it must pay a tax of \$1,375 to the government. Under the new law, corporations will be taxed at a different rate, depending on the size of their annual net income. Those which have an annual net income of \$15,000 or less will be taxed at the rate of 13½ per cent, while those whose net income is in excess of that amount will pay a tax of 14¼ per cent on that part of their income over \$15,000.

Since an overwhelming majority of the corporations of the country have annual net incomes of \$15,000 or less, the result of the new program will be to reduce taxes in many cases. Only a few thousand companies show net incomes of more than \$15,000.



A HEADACHE FROM START TO FINISH

—Winfield Daily Courier



A PUBLIC-WORKS PROJECT IN THE YOSEMITE VALLEY

Illustration from "Back to Work" by Harold L. Ickes (Macmillan).

But it is these few thousands which pay the bulk of the corporation taxes, even under the present law, and their burden will be increased under the proposed changes. Since about 90 per cent of the corporate income of the nation will be taxed at a higher rate, it is expected that the government will collect considerable revenue from this alteration in the law.

Excess Profits

In another way corporations will be affected by the new tax program. They will be taxed on their "excess" profits. The tax will be governed by two factors: the amount and value of capital stock outstanding and the annual earnings. Suppose, for example, that a corporation has sold 100 shares of stock valued at \$100 each. Its total capital stock is thus worth \$10,000. Now suppose it earns \$800 in a given year. This is equal to eight per cent of the value of the capital stock. Eight per cent is not regarded as an excessive profit, and consequently no excess profits tax would be levied. The new tax bill provides, however, that for all profits above the exempted eight per cent, corporations must pay on the excess. From eight to 12 per cent, the tax will be five per cent of the excess. Thus if the company we have mentioned earns not \$800 a year but \$1,200, it will have to pay an excess profits tax of five per cent on the \$400. Its tax will amount to \$20. On profits from 12 to 16 per cent of the capital stock, the tax rate is 10 per cent. If our corporation earns \$1,600 in a given year, it will have to pay an excess profits tax on \$800—five per cent on the first \$400 and 10 per cent on the second \$400, or a total of \$60. As the rate of profit increases the rate of the tax goes up, until it reaches 20 per cent of the excess on profits above 25 per cent of the capital stock. This excess profits tax, of course, is in addition to the regular corporation tax.

The object of these new corporation taxes is to put a check on the size of corporations. For a number of years an increasing amount of the nation's corporate wealth has been in the hands of a few giant corporations. Little by little, the small corporations have assumed an inferior position in the economic structure of the country. The President is known to be opposed to this and believes that it can be corrected by the use of the taxing power of the federal government. By taxing the large corporations at a higher rate than the small corporations, it is held, this trend can be checked.

The fourth feature of the tax bill that emerged from the House of Representatives deals with the transfer of wealth from one person to another, either through gifts or inheritances. The President, in his tax message, emphasized the evils of a system whereby a huge fortune may be built up

and transferred almost intact from one generation to the next. Such a practice he holds to be socially harmful and he thinks it should be corrected by use of the taxing power. Thus the new bill has stiff taxes on inheritances and gifts of property or money.

The inheritance tax rate begins at four per cent and increases to 75 per cent. In the case of an inheritance passed on to an immediate relative (father, mother, brother, sister, half-brother, half-sister, grandmother, grandfather, grandchild, legally adopted child) an exemption of \$50,000 is allowed. Above that amount, however, a graduated tax is to be collected, the maximum rate of 75 per cent will be applied to transfers of property valued at \$10,000,000 or more.

Gift Taxes

The purpose of the gift tax is to prevent avoidance of the inheritance tax by disposing of one's property before death. The rates of the gift tax are about a fourth lower than those of the inheritance tax and are graduated from three to 57 per cent. As in the case of the inheritance tax, the gift tax allows exemptions for gifts made to close relatives. There are other exemptions, including transfers of property for charitable, educational, religious, scientific, and other purposes. There is a long list of these exemptions from the inheritance and gift taxes, but they need not concern us at this time.

It cannot be said that the new tax bill will serve to raise a great deal of additional revenue for the treasury. It is estimated that the new rates will yield only \$275,000,000 a year. To a government whose annual expenditures run into the billions, whose national debt is approaching the \$30,000,000,000 mark, whose public works and relief expenses amount to several billions, this sum is but a drop in the bucket. If the estimates of its yield are correct, the new tax program cannot go far to bridge the deficit and bring the government's budget into balance.

In a number of respects, the House bill fails to comply with the President's wishes as expressed in his June message. The President requested, for example, that the tax on corporate incomes be more graduated than it actually is in the House measure. He contemplated a rate ranging from 10¾ per cent to 16¾ per cent, depending on the size of their annual net income. The excess profits tax was not recommended by the President in his message. He received his greatest defeat, however, on the proposal to allow deductions by corporations for donations to community chests and other charitable institutions. The President was opposed to the granting of such deductions, holding them to constitute attempts "to buy good will." The House felt, however, that such deductions should be allowed.

While it is fairly certain that the tax bill will go through in essentially its present form, it is not certain that it will be as effective as the President hoped for. (Concluded on page 7, column 3)

The League and the Ethiopian Crisis

(Concluded from page 1, column 1)

paying Mussolini to evacuate Corfu. And the League's machinery broke down completely in the critical Manchurian invasion of 1931, when Japan scouted the League Covenant, sent troops into Manchuria and set up the Japanese-controlled state of Manchoukuo. Now for the third time, the League has been faced by a clear case of violation by one of its own members.



PERPETUALLY OUT ON A LIMB
—Herblock in Elgin COURIER-NEWS

And for the third time, the League has abdicated responsibility and left the disputants to fight it out for themselves.

An African war, in Europe's present unsettled diplomatic situation, might have far-reaching and disastrous results. But behind their anxiety over the war clouds in Northern Africa, European statesmen are facing a far more important question. Bluntly, they are asking themselves whether Europe has anything to gain from the League of Nations, whether the machinery set up at Geneva after the World War, with such high hopes and so many brilliant prospects for the future, can still be regarded as an important factor in the international scene. Can the League ever act? Are there ever waters so untroubled that Geneva will be able, and willing, to enter them?

The Importance of the League

The statesmen who meet at Geneva, in the councils of the international body which was designed to avoid any recurrence of the warlike settlement of disputes that had plunged Europe into four years of bloodshed and destruction, are not lacking in the determination to avoid war. There is no doubt that Pierre Laval, Maxim Litvinoff, and Anthony Eden would do anything in their power to stand in the way of an African or European war, and that in their discussions at Geneva they are working sincerely and wholeheartedly for the preservation of peace. But the instrument with which they are laboring—the League of Nations—is not big enough for the job. Nothing is gained by denouncing the League or casting aspersions on the courage of the men who are devoting themselves to the task of making it work. These men are limited by forces and conditions beyond their control. Within those limits, they are doing the best they can. But the League suffers from at least three important deficiencies. It is not universal, and thus does not speak with authority for the whole group of nations whose interests are at stake in international disputes. It has in itself no authority to enforce its own decisions—that must rest on the willingness of its members to take the risk of war. And, finally, the League was set up at the same time as the Paris peace settlement, and has to enforce the conditions of that settlement even when the cause of world peace might be better served by revising them. Those are the three problems of the League. They are also the problems

of Europe's international relations, of which the League is no more than an expression.

Extent of the League

In a world so closely bound together by commerce as ours, peace and war are world-wide concerns. The League of Nations, when it was conceived in the days after the World War, was intended to represent all the "civilized" nations of the world, that is, all those nations which were stable enough to enter into international arrangements with the possibility of keeping their promises. Now two world powers of the first rank stand outside the League—Germany and Japan. The Japanese left as a result of the Manchoukuan dispute, and Germany, which was admitted to the League in 1926, deserted the councils of Geneva last year, when the League threatened to stand in the way of Hitler's rearmament program. Naturally, this diminished the effectiveness of the League.

Despite Woodrow Wilson's devotion to the idea of a League of Nations, the United States has never taken the seat which was reserved for her at Geneva. Public sentiment in this country reacted violently after the World War against European entanglements of any kind. It was felt that the military and naval power of the United States was so great, and our international influence was so valuable, that European diplomats would be too eager to involve us in the settlement of their own disputes. Once more, the argument ran, we might be plunged into an expensive and dangerous European war. Our frontiers were two oceans, thousands of miles wide, and we had no reason to fear invasion or an aggressive war—but if we entered the League of Nations, we might at any moment be drawn into a conflict far from our own borders, and fought on an issue in which we had only a secondary interest.

That was one obstacle. Another was the policy known as the Monroe Doctrine, which discouraged any European penetration, economic or political, into the independent countries of Latin and South America. Long before the war, the European nations had accepted the fact that the United States would not tolerate such penetration. But if the United States, and the Latin American countries, joined the League, the bond between Europe and the western hemisphere would be closer than ever before. An attempt was made by the League to quiet American fears on this score—Article XXVI of the League Covenant specifies that membership in the League will have no effect on previous "international arrangements," such as the Monroe Doctrine. But the attempt was unsuccessful. The United States remains outside the League, and the Latin American countries which joined in the hope of balancing Eu-

rope against the United States have retreated in disillusionment. Thus the League speaks not for the whole world, but for Europe alone—and Europe without the most powerful continental country, Nazi Germany.

Versailles and Paris

The result has been that, more clearly every year, the League of Nations became the spokesman for a small group of nations which wanted to keep the peace settlement drawn up at Paris after the World War Treaty of Versailles. Those nations are France and the Little Entente, which is composed of Yugoslavia, Czechoslovakia, and Rumania, three countries which owe most of their territory and influence to the arrangements of the treaty. They believe that the League of Nations, insofar as it works to keep the peace, will work to preserve the frontiers drawn up in 1919.

But most international observers are coming to feel that there can be no lasting peace in Europe until every nation has an economic and political place in the sun. At present three potentially great countries, Germany, Italy, and Japan, are profoundly dissatisfied with the terms of the 1919 peace settlement. Germany was forbidden to rearm, although her neighbors have never kept the pledges to disarm which they made at Versailles and Paris, and she has had to bear the formal responsibility for the World War, set down in writing in the Treaty of Versailles. Italy, with a rapidly expanding population and a greater pressure on her natural resources, is unwilling to be kept within her present frontiers. The Italians, as their attitude on the Ethiopian question shows, do not see why they have not just as good a right to African colonies as the French and English. And Japan feels that if China is going to be divided between the great powers, she, as China's nearest neighbor, should have the lion's share.

Because of these changes in national interest and international problems since 1919, many people feel that the League of Nations may work for injustice unless there is some provision for revising the peace treaty. They believe that the League is committed to peace at any price, and that the peace will be progressively harder to keep unless the League, and the rest of Europe, finds some way to adjust the provisions of the peace treaty. There is no doubt that the League's intimate relation with the 1919 treaty has gone far to diminish its prestige, and to make it distrusted by those nations which are not satisfied to live peacefully under the international arrangements of the post-war period.

Sanctions

These deficiencies in the League make it difficult for the statesmen of Geneva to speak with the necessary authority, because they make it difficult for League members to promise economic and military enforcement of the League's decisions. If the League Council had taken an uncompromising stand against Italy, ordering

Mussolini to keep the peace and to talk over his demands in a peaceful council session, they would have needed an assurance from France, England, and Russia that these great powers would stand firmly behind their decision. But just as in the Manchurian crisis the League's hands were tied by the knowledge that no one would send an army or navy against Japan, so now it cannot take a strong line with Mussolini because it has no military or naval means of enforcing its order, and feels no confidence that France, Russia, or Great Britain would step in to bring Italy to terms.

The conclusion which is being forced on most members of the League of Nations, and which was strengthened vividly by the council meeting on the Ethiopian dispute, is that the League of Nations, in its present form, is not up to the job of keeping the peace in Europe. That does not mean, necessarily, a lack of sympathy with the League's idea and aims. But it suggests that the League cannot work unless there is already a fairly stable international order on which it can build. The League itself is no more than a device. It cannot create, by its own working, the international conditions necessary for peace.

Thus the lesson of the League's failure with Ethiopia, and its earlier weakness in the Corfu and Manchurian crises, seems to be not that the League is the wrong way to approach the problems of international politics, but that the League cannot function without a solid groundwork of international cooperation, based on the adjustment of the host of serious threats to international order. We will do better, most students of the question agree, to turn away from denunciations of the League's failures to a sober consideration of the obstacles standing in the way of world peace. And the inadequacy of the League, when confronted with a major crisis, need not close our eyes to the valuable work it has done in keeping disputes out of the crisis stage. The League is a beginning in international government. A decline in its prestige, resulting from hasty and partial judgments, might hamper the work of vital League agencies, such as the International Labor Organization, which has been a pioneer in effecting international wage and hour agreements.

One parallel which suggests itself is that between the League Covenant and the Articles of Confederation, under which our country was governed before the Constitutional Convention of 1789. These articles were taken so lightly that many Americans who were elected to Congress did not even take the trouble to attend. Our American government was the result of a pressing need for national unity. The problem is more difficult, and the prospects are less encouraging, for the future of international government, but the present embarrassments of the League of Nations are no proof that international cooperation is unnecessary, or that, with a just and realistic approach to the tasks involved, it need be remote.



THE NEW LEAGUE OF NATIONS BUILDING AT GENEVA

—Photo by André Jullien

American Government Moves With Caution in International Situation

An atmosphere of tension prevails throughout the world today. People and governments alike are feeling the pressure. Fears, jealousies, hatreds, ambitions are running rampant in an undercurrent of mingled feelings. Lately the United States government has felt the strain and stress of these resounding waves of turmoil, but

turn word that the United States regretted the incident.

These three instances, while they are not very important in themselves—with the possible exception of the *Bremen* incident—nevertheless indicate that great strain which exists in international relations at present. In times of harmony among the

Americans, for it is common knowledge that the Nazis are persecuting Jews, Catholics, and Communists regardless of their nationality. But the mayor is being severely criticized for stepping in where, it is felt, the State Department should show its hand. The State Department, however, denies having any cases on record of German discrimination against Americans. At any rate, the German government remained silent over Mayor La Guardia's proceedings, and most of the complaint came from Nazi supporters in America. The German immigrant has decided to return to the Reich.

As for the Japanese case, it is believed that this particular incident is closed, following conversations between the Japanese ambassador and the United States secretary of state. A difference in national philosophy with regard to government officials and the right of freedom of the press was the chief cause of Japanese complaint. Whereas in the United States government officials are freely criticized, the press in Japan does not have like freedom. Then, as mentioned before, Japanese look upon their emperor as a divine personage, incapable of doing wrong. While the people of Japan may look upon the caricature as an insult, their officials in the United States realize that the American government cannot and will not prevent the nation's press from printing things about foreign officials which are freely allowed to appear in print about our own government authorities.

President Roosevelt and the State Department are moving carefully in the uneasiness which now pervades the international situation. With widespread agitation flaring up in the United States over the actions of certain foreign governments, the President and his advisers realize that protesting American groups, however well meaning their activities may be, may possibly run counter to our policy of being a good neighbor. Serious trouble often develops out of incidents that seem small at the time of their happening. International law often does not offer complete satisfaction to injured parties, and since the law of nations is much harder to enforce than is national law, international strife sometimes develops.

THE NEW TAX PROGRAM

(Concluded from page 5, column 4)

form, it is not entirely satisfactory to any particular group in Congress, except the

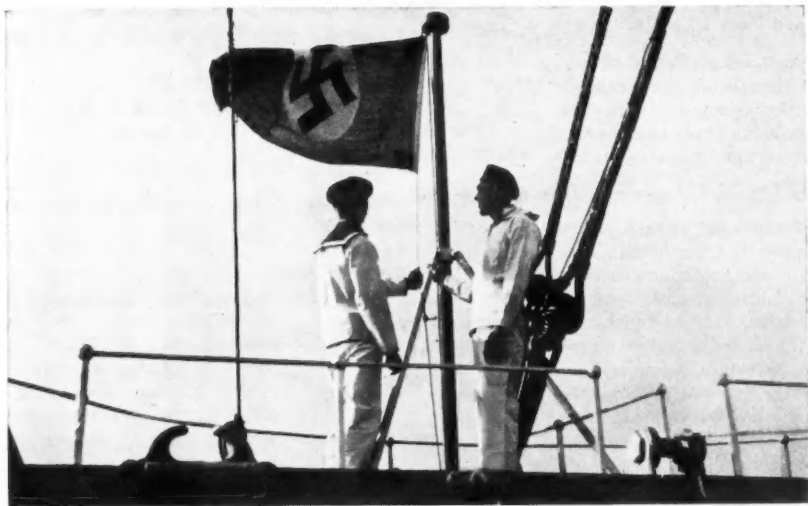
were made to tax more heavily incomes much lower than \$50,000, but these proposals were all defeated on the floor.

It is fairly certain that a similar attempt will be made when the tax bill is reported to the Senate by the Finance Committee of that body. The Progressive senators, men like La Follette and Wagner and many others, believe that the tax base should be widened and will make every effort to amend the bill along these lines. They will try to put through a bill that will go further toward redistributing wealth and toward balancing the budget. Privately, they do not expect to meet with much success in the struggle, but they will make the attempt just the same.

Conservative View

Conservatives are equally critical of the tax program of the administration. Many of them are in favor of postponing definite action on new taxation until the next session of Congress. Failing in this, they would prefer a system of taxation the primary purpose of which would be the raising of revenue. Whether they would favor a tax with a base sufficiently wide to touch a majority of the people, like the sales tax, or a boost in the tax rate on all incomes, even down to the very low groups, has not been made clear. It is certain that they do not favor one which bears so heavily upon the wealthy individuals and corporations. Voicing the opinion of a large body of conservatives, one writer has declared himself on the present tax bill as follows: "Whatever the other effects of the bill and however inequitable they may be, the repercussions on businesses of every size, through drawing away capital where capital is most needed, and in causing disruptions upon the death of any of the principal owners, would increase the forces of disorganization."

Many opponents of the administration, both liberal and conservative, have accused the President of playing politics with his tax program. They charge that he is trying to win the favor of the masses by recommending a "soak the rich" program of taxation, which will not raise much revenue, but which will hurt very few people and thus not lose many votes. The number of individuals in the country whose annual income is \$50,000 or more, and thus subject to the new tax rates, is at most a few thousand. They charge the administration with political cowardice for not devising and pushing



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THE *EUROPA* COMES TO PORT WITH THE SWASTIKA WELL GUARDED

Care is taken to prevent repetition of the disturbance that took place when the emblem was thrown from the *Bremen* by a mob of Communists.

has attempted, meanwhile, to maintain an even disposition in the face of disputes between other countries. The President and administration desire to keep the United States on a friendly neighbor basis if possible, thereby keeping this nation out of international difficulties. This, however, is exceedingly difficult to do, for certain groups of American people are concerning themselves directly in foreign controversies. By so doing they are causing the United States government considerable embarrassment. For example, American citizens within recent weeks have done three things to antagonize foreign governments.

Bremen Incident

The first of these inharmonious incidents was a violent anti-Nazi demonstration in New York harbor, where a mob of Americans, angered over treatment being afforded Jews, Catholics, and Communists in Germany, boarded the German liner *Bremen*. There they created a disturbance, tore the German swastika flag from its mast, and tossed it overboard. Reaction in Germany to this desecration of the German national emblem flared up in much the same way one would expect resentment to rise in this country should the American flag receive similar treatment in a foreign port. The German and American governments entered diplomatic correspondence over the incident.

The second occasion of embarrassment for the federal government also had to do with indignation in the United States over Germany's tactics against certain groups within its borders. New York's fiery little Mayor La Guardia opened a one-man fight against Nazi discrimination by refusing to grant a masseur's license to an obscure German immigrant. The mayor defended his stand by claiming that the Nazis have discriminated against Americans in Germany in violation of an American-German trade treaty which guarantees freedom of work and trade to citizens of both countries. He maintained that therefore he is not legally obligated to extend privileges to Germans in New York.

The third incident of concern to the United States government seems rather trivial at first glance, but of more import at second. An American magazine of recent date caricatured the Japanese emperor pulling a ricksha. The Japanese, who revere their ruler as a divine personage, took offense at this cartoon, which they considered an insult. The Japanese ambassador protested informally to the United States State Department, and received in

family of nations, such things would be overlooked or easily smoothed out. But in troubled times tempests often blow up in teapots, feelings are easily hurt and angers aroused. Nations in such situations generally take recourse first to certain customary and conventional procedures under rules which have grown up through tradition and treaties to regulate the conduct of individual countries with one another. The so-called law of nations, or international law, is put into use to do for nations what national laws do for individuals—that is, to maintain peace, order, and justice. Let us see what points of international law are involved in the three cases which have been mentioned.

First, there is the German flag incident. What is the responsibility of the United States in a situation of this kind? Custom over a long period of time has decreed the answer, which is this: Every nation is responsible in a sense for acts committed by its subjects. A nation is duty bound under international law to exercise diligence in preventing, as far as possible, its subjects from committing harmful acts against other nations. Should injuries nevertheless occur, the country in which they take place is obligated to punish offenders. In the event of negligence, the offending nation usually apologizes. These are the customary rules. Germany emphatically protested to the State Department, which conducted an investigation and then replied. The note of reply stoutly maintained that the United States was in no way negligent, since New York police had warned the *Bremen* captain of a possible disturbance, and had suggested ways to him—which he declined to accept—of preventing trouble. Furthermore, the note said, the police fought the rioters, arrested several who tore down the flag, and the troublemakers are now being prosecuted. No apology was offered to Germany, although the United States note expressed regret that the German emblem was treated so disrespectfully. These negotiations are expected to end the matter as a diplomatic incident, but considerable feeling has been aroused both here and in Germany because of it.

La Guardia's Fight

Mayor La Guardia's quarrel over the American-German treaty brings up another point of international law. Since, as the mayor claims, Germany has broken the treaty, why, he asks, should the United States continue to abide by it? Mayor La Guardia has supporters of his viewpoint that Germany is discriminating against



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MORGENTHAU BEFORE THE SENATE FINANCE COMMITTEE

The secretary of the treasury appears before the Finance Committee to be questioned on the administration's tax program. Left to right, Senator Pat Harrison, chairman of the committee, Secretary Morgenthau, and Newton D. Baker.

most ardent of the President's supporters. The liberals and radicals denounce the program on the grounds that it neither redistributes the nation's wealth nor raises adequate revenue. A number of attempts have already been made to correct this defect. Progressives have introduced amendments providing for an increase in the tax rates on lower incomes. This group is of the opinion that any measure which would raise adequate revenue would have to dip into the lower income brackets; that it should not begin to levy heavy taxes only on incomes of \$50,000 or more. In the House of Representatives several attempts

through a really effective tax program to meet the government's budgetary needs.

While spokesmen of the administration admit that the tax bill, as it now stands, will not go very far toward balancing the budget, they do feel that it is a step in that direction. Moreover, its social effects will be far reaching. They claim that the program brings a new principle of taxation into play. That principle is that the taxing power of the government should be used to check economic domination of the country by a few individuals and corporations. On these grounds, it is contended, the bill is justified.



NO OTHER social institution has undergone more fundamental changes in this country during the last century than the family. Its functions have been altered, and its general character has been greatly transformed. No

Family functions undergo many alterations

longer is it the basic social institution of the community, responsible for the educational, economic, recreational, religious, protective, and other aspects of the lives of its members. The school, the factory, the theater and playground, the church, and the state through its police power have taken over many of the responsibilities and functions which formerly fell on the shoulders of the family. While this does not mean that the family has disintegrated as a social unit, it does indicate that the main emphasis of family life is today in the field of personality development. Certainly the family, as a self-sufficient economic unit, has practically passed from the American scene.

An idea of the profound changes which have overtaken family organization in the United States may be had by contrasting representative units of the old order and the new. If one could travel to some of the isolated communities in certain parts of the country, he would find represented the family order as it existed a century or so ago. In the community we have in mind a large number of the families would supply practically all their requirements for foodstuffs. They would have cows, chickens, hogs, in addition to their vegetable gardens. Most of them would do their own churning, can, dry, or pickle their own fruit and vegetables, preserve eggs, butcher their own hogs and thus lay in a meat supply for the winter. Some of them would make their own shoes, a larger number would repair their shoes. Many of them would make a large part of their own clothing, furniture, brooms, and other household utensils. Only a minimum of their requirements would be supplied by the outside. The religious and educational needs of the family might, in exceptional cases, be filled within the home. All recreational requirements would be met within the family unit. We would have in such a community the counterpart of the old American family unit with its diversified functions and responsibilities.

THIS is not a picture of the representative American family of today. The overwhelming majority of households are now practically entirely dependent on the outside for their economic necessities. Except in the rural regions,

Former duties performed by new agencies

all foodstuffs, clothing, furniture; in a word, everything the family consumes, must be brought into the home. In no sense of the word is the home any longer a factory which meets the needs of the family. Moreover, the other functions which formerly fell upon the family unit have devolved upon other agencies of society. The school removes the responsibility of education; even in the case of children below the school age nurseries have taken over a large share of the work. Religious education has been transferred to the church, one indication of this being the great decline in family prayers, grace before meals, and reading of the Bible in the home. Recreation and amusement are found at the movies and in the playgrounds, rarely in the home.

With this shifting of the functions of the home and the family, the relations between the various members have undergone drastic changes. In the days when the family was the basic economic unit of society, a man in marrying sought not only a companion but a wife who was capable of acting as a business associate. The wife's

The Changing Character of the Family

By David S. Muzzey and Paul D. Miller

ability to cook, sew, weave, launder, and perform dozens of other tasks which contributed directly to the economic welfare of the family was regarded as essential. Because of her economic functions she could not easily be dispensed with. Divorce ended not only a personal relationship, but also a business organization, and consequently was less frequent than today.

Woman's role in the family arrangement, though no less vital today, has been almost completely transformed. She has been relieved of practically all the economic functions which she formerly performed. Today her duties consist primarily of ordinary household tasks, and these tasks can be completed with a fraction of the effort formerly required because of the aid afforded by mechanical equipment of one kind or another. So completely have the ties with the past been broken in a number of cases that the wife is no longer required to cook the meals or do the housework, as indicated by the great increase in the number of restaurants during the last decade.

IN A good many cases the economic activities of the wife have been transferred from the home to the outside. Between 1920 and 1930, the number of married women working outside the home increased 60 per cent, while the

Size of families affected by changed conditions

total number of married women increased only 23 per cent during that period. Since a large percentage of the children must likewise find employment outside the home upon completion of their schooling, the family has become a less stable and unified group than ever before in the history of our country. In many instances it has been impossible to find employment in the same city, and children have been obliged to move to other communities, further weakening the family bonds.

In view of this change in the economic functions of the family it is not surprising to find a drastic change in the size of families throughout the country. For the country as a whole the size has not changed greatly since the turn of the century. But if one examines the figures a little more closely, it will be seen that important changes have taken place. As might be expected, farm families and families living in the country, where the economic functions are still greater than in the cities, have not become smaller; on the contrary, they have increased in size. In 1900, for example, the average size of the unbroken farm family (the family whose members live in the same household) was 4.21 persons. In 1930 it was 4.32. In the towns and cities, the reverse is the case. The average size of the family in cities of about 100,000 population was 3.57 persons in 1900, and only 3.43 in 1930. The decline in some of the larger cities has been even greater. The average size of the family in Chicago, for example, was 3.22 in 1900, 3.12 in 1920, and 2.85 in 1930.

In another way the weakening of functions which formerly held the family group together is manifesting itself. For a number of decades, divorce has increased rather rapidly in the United States. Since 1880, the number of divorces for every 1,000 of the population has increased at the rate of about three per cent a year. Some decades have witnessed a dropping off in the rate, while others

have seen it increase. From 1920 to 1930, for example, the rate was only half that of the 50-year average. The increase has not been due entirely to the different status of the family's functions, as a large part of it may be attributed to a loosening of the divorce laws in a number of states. Between 1905 and 1930, for instance, the number of states allowing absolute divorce on the ground of cruelty grew from 36 to 44.

INSOFAR as the general trend of family functions and responsibilities may be discerned, one important fact stands out very clearly. The family as an institution is no longer primarily economic. Rather its main function has to do with the personality relationships between the various members. While the major part of the educational process has been shifted from the family to the school, which

Personality development now main function

in turn has a direct effect upon personality development, it is nevertheless a fact that this is still primarily the function of the home. Only in those cases where both the mother and father work outside the home and the children are turned over to nurses or nurseries is the effect of home life and training negligible. Until the child reaches the age of six, his character and personality are influenced almost entirely by his relations with parents and brothers and sisters. After the school age other stimuli share in the influence—teachers, school associates, allegiance to informal organizations such as clubs, "gangs," and other groups. But the family still remains the strongest single influence in the shaping of personality of its members.

There are no indications that these latter functions of the family are likely to be taken over by other social institutions. There are no indications that the family is in danger of disintegration. There are, however, obstacles which prevent the ideal carrying out of the personality function. If the family is to remain a compact and stable unit of society, a more ideal environment must be provided. Such a large proportion of the American population is inadequately housed that it is impossible to produce the desirable family relationships. Until people can live decently and comfortably it will be difficult to prevent a certain amount of disintegration of the family unit. Especially is the question of housing linked to the character and personality development of the younger people.

CLOSELY allied to the problem of housing which so directly affects the early training of the child is that of providing other facilities for giving him a good start in life. Widespread interest in the subject of child psychology and training has developed during the last few years. Courses in the subject are being given in a large number of cities. Important experiments are being conducted by many of our

Future pattern will depend on personal bonds

educational institutions, and the results are being relayed to parents. As the child reaches the school age, there is close coöperation between teachers and parents.

There can be no doubt that the family as a unit is more unstable today than it has ever been. This is indicated not only by the increase in divorces, but by the greater mobility, the almost complete cessation of its economic functions, the decrease of its educational, protective, recreational, religious, and other responsibilities, and its general fusion with the outside world. Its future stability will depend, as William F. Ogburn points out in his chapter on the family in "Recent Social Trends," "much more on the strength of the affectional bonds."

Something to Think About

1. How will a majority of the corporations of the country be affected by the new tax program?
2. On what grounds do the liberals in Congress criticize the administration's tax bill? the conservatives? What justification, if any, do you find for this criticism?
3. Do you think the administration will be successful in its attempt to check the size of corporations and private fortunes through use of the taxing power?
4. Why did the recent session of the Council of the League of Nations result in a complete victory for Mussolini?
5. What, in your opinion, would be the advantages of invoking sanctions, under Article XVI of the League Covenant, against an aggressor nation? Do you think such action would be successful in bringing such a nation into line?
6. How might the present organization of the League of Nations be compared to the political arrangement which existed in this country between the time of the Articles of Confederation and the Constitution?
7. Do you approve the policy adopted by the United States government in the recent controversy with Germany?

8. How has the high degree of economic development in this country altered the functions and status of the family as a social institution?
9. How has Japan's policy in Manchoukuo affected internal economic conditions in Japan?
10. What issues are involved in the dispute over the refusal of people on relief to accept jobs when offered?

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PRONUNCIATIONS: Croix de Feu (krwa' d' fu'-u as in burn), de la Rocque (d' la' rok'-o as in or), Manchoukuo (man-choo-koo'-o as in go), Danzig (don' seek), Haile Selassie (hi'lee se-los'-ee-i as in ice), Addis Ababa (ah'diss ah'wa-wah).